

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 DJIBOUTI 000488

SIPDIS

STATE FOR JULIE COOPER (EB/CIP/BA);  
STATE ALSO FOR AF/EPS ADA ADLER

E.O. 12958: N/A

TAGS: [PGOV](#) [ECPS](#) [EINT](#) [TINT](#) [ETRD](#) [ECON](#) [CH](#) [DJ](#)

SUBJECT: RECENT TELECOM DEVELOPMENTS IN DJIBOUTI

REF: PRETORIA 973

11. (U) SUMMARY: Djibouti has begun to market itself as a potential hub for trade activity. It is trying hard to bring the country up to speed for the 21st century with significant reform and development in the telecommunications sector. Already home to a hub for the SEA-ME-WE#3 (South East Asia-Middle East-Western Europe #3) transoceanic cable, Djibouti is hoping to be the site for bigger, better bandwidth as a termination point for the new SEA-ME-WE#4. The two cables serve as connectors for Internet and telecommunications between Europe and Asia. The #4 cable is proposed to have eight times the bandwidth of the #3 cable. The Government of Djibouti sees the #4 cable as a crucial piece in the telecommunications development puzzle. Djibouti Telecom is currently preparing a bid and searching for the necessary funding that the connection to SEA-ME-WE#4 will need. END SUMMARY.

12. (U) Telecommunications and Internet availability, connectivity and cost are some of the largest obstacles to conducting business in Djibouti. Despite Djibouti's status as home to a large hub in the SEA-ME-WE #3 transoceanic cable, the country only has a two-Megabit information capacity in its connection to the Internet. Djibouti currently has 270 access lines for the Internet available to individual customers. These access lines have a maximum of 56Kbps connection speed. Internet connections are extremely slow due to the overload of these access lines and cannot support most modern Internet technology, limiting the possibilities of business activities online. However, Djibouti Telecom also offers the option for businesses to lease an access line of their own. If a business chooses to lease an Internet access line, the highest bandwidth available is 256Kbps. The cost for leasing an access line is between US\$ 1200 and US\$ 2100 per month. This cost prohibits most businesses from affording an access line of their own.

13. (U) The average cost per month for Internet on a non-leased line ranges from US\$ 16 to US\$ 34 per month, depending on the plan chosen. To put this into perspective with the Djiboutian economy, the reported GDP per capita is US\$ 1,200 annually. (Note: This figure only includes those listed as citizens and does not factor in the fifty percent unemployment rate, meaning only half the population contributes to the GDP. End Note.) These costs are prior to the 8.5 cents per minute rate charged for local calls, and the seven percent service tax that is charged on all telephone and Internet services. If a Djiboutian spent just one hour per day online, the per-minute charges would be an additional US\$ 153. After all installation, taxes, monthly fees and per minute charges are added up and speed factored in, it is evident why most business who use the Internet do so only at Internet cafes.

13. (U) Telephone lines and service in Djibouti are expensive and is considered a luxury to most Djiboutians. The average monthly cost for fixed line service is around six U.S. dollars. The real cost is of course the per-minute charge. The above mentioned price of 8.5 cents per-minute is a result of a January 2003 fifty percent price cut. Since the option of GSM mobile phones has been introduced, with the ability to have less costly pre-paid usage, a number of people have requested cancellation of their fixed line, and opting instead to only use mobile phones. Currently, Djibouti Telecom has approximately 9,500 fixed lines available and 23,000 GSM service subscribers. The actual number of fixed and GSM lines available is much lower. The current overload of the telephone system causes connections to be unreliable and difficult to obtain, especially when dialing internationally. International rates range from 90 cents per minute for Djibouti's immediate neighbors to \$3.39 per minute, with calls to the U.S. and most of the French-speaking western world falling in the \$2.26 per minute category.

14. (U) Djibouti Telecom is currently in negotiations to expand its bandwidth on SEA-ME-WE#3. The company

recently announced an increase to four megabits of information capacity. Within six months, information capacity will increase to 45 Megs and ADSL service will be provided to individuals who want the increased bandwidth. The Chinese government is funding a project to build a fiber-optic ring around Djibouti City to enhance the network capability of Djibouti Telecom. This project is critical to being able to increase the bandwidth and proceed with the overall development plan for telecommunications. Though the project is scheduled for a completion date of 2005, it got off to a late start and a termination date has not been determined.

15. (U) In the long term, a project spearheaded by South African Telecom (reftel) plans the construction of an Eastern African Submarine System (EASSy) to connect the east coast of Africa to the SEA-ME-WE#3 cable, starting in Mtunzini, South Africa and ending in Djibouti. Djibouti Telecom has signed a Memorandum of Understanding and other preliminary agreements with the other telecom corporations along the East Coast. Scheduled completion of this project is 2006.

16. (U) The SEA-ME-WE#4 transoceanic cable is one of the most important development projects for Djibouti. At a bandwidth eight-times greater than the #3 cable, SEA-ME-WE#4 is the project that would greatly impact the speed and quality of telecommunications over the next ten to twenty years. After an unsuccessful negotiation last year, Djibouti is in the process of once again putting together a bid to the international consortium which is constructing SEA-ME-WE#4. In order to bid on a connection, Djibouti will approach the banking community in order to appropriate around \$30 million dollars in funding that access to the #4 cable will require.  
RAGSDALE